GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4609
ANSWERED ON:15.12.2016
UDAY
Kesineni Shri Srinivas;Maragatham Smt. K.;Shekhawat Shri Gajendra Singh;Tanwar Shri Kanwar Singh

Will the Minister of POWER be pleased to state:

(a) whether a number of States have joined the Ujwal Discom Assurance Yojana (UDAY);

(b) if so, the details thereof;

(c) whether it is financially prudent to bail out distribution companies again and again using taxpayers" money when State Electricity Boards were supported under the Financial Restructuring Plan of 2001 and yet they are in a similar situation now, and if so, the details thereof and the justification therefor;

(d) the manner in which the Union Government proposes to ensure accountability and monitoring of finances of distribution companies so that they are not in a similar situation again in the future; and

(e) whether the Union Government proposes to permit State Governments for transfer of funds relating to UDAY Scheme in the form of loan (50%) instead of grant (75%) and equity (25%) as indicated in the UDAY scheme and if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL, NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) & (b) : Yes, Madam. So far, seventeen States and one Union Territory viz. Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Rajasthan, Uttar Pradesh, Uttarakhand, Punjab and Puducherry have joined Ujwal DISCOM Assurance Yojana (UDAY).

(c) : The dues of State Power Distribution Utilities are contingent liabilities of the States and UDAY recognizes this. The Financial Restructuring Plan (FRP) was formulated in the year 2012 and provided for financial support from the Government of India; however, under UDAY, no such financial support from the Government of India is envisaged.

(d) & (e) : Under UDAY, all participating DISCOMs/States have entered into a Memorandum of Understanding (MOU) with the Government of India, which includes operational and financial turnaround commitments in the form of well defined trajectories. UDAY incorporates several fiscal prudence measures on part of the participating States/DISCOMs, which include Banks and Financial Institutions (FIs) not funding any further losses; all loss financing to be carried out only within the defined loss trajectories; Working capital financing by Banks/FIs restricted to only 25% of last years revenue; and future takeover of DISCOM losses by the State Government in a graded manner.

UDAY provides that the transfer of 75% debt of DISCOMs taken over by the States during 2015-16 & 2016-17, is as a grant. UDAY further provides that in case the State is not able to absorb the interest burden of the entire grant immediately, the transfer of grant can be spread over three years, i.e 25% in each of the three years with the remaining transfer through State loan to the DISCOM. For States with high DISCOM debt, this period can be further relaxed by 2 years in consultation with the Ministry of Power.

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